



**Date: September 27, 2000**

**To: Inter-Regional Partnership**

**From: IRP Staff**

**RE: IRP STATE PILOT PROJECT DRAFT WORK PROGRAM AND  
SCHEDULE**

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## **BACKGROUND**

In early July, the Partnership's request for State funding to create a pilot project was granted. Two Assembly Bills and the State's budget bill contain language that provides funding and guidance for the project. Minor modifications to the bills were made through the legislative process, but the general intent of the IRP pilot project is intact.

In addition to the funding of the Partnership's request, these bills contained funding and guidance to create a statewide Inter-Regional Partnership (IRP) program. The program is designed to promote the creation of IRPs throughout the State. The State Department of Housing and Community Development (HCD) is identified as the agency that will administer the IRP program. HCD is developing systems for funding and evaluation of the program.

IRP staff has been working with the HCD to define the parameters of the Pilot Project grant, made available through the State's new Inter-Regional Partnership program. As a result of several conversations with HCD, and further conversations between the three councils of government (ABAG, SJCOG and STANCOG), a schedule, budget and preliminary business agreement have been developed. Staff requests that the Partnership review the issues and provide feedback as to any significant concerns with the cost breakdowns, phasing of the project, or other concerns. Feedback received will be used to facilitate the Partnership's pilot project. Since HCD has not fully developed the Statewide program, IRP staff will also bring comments back to HCD so that they may be considered.

## **LEAD AGENCY AND FUNDS DISTRIBUTION**

To facilitate the pilot project, HCD requires that one COG act as lead agency and contract with the State for the duration of the Pilot Project. All three COG staffs have agreed that ABAG will act as the lead agency, contract with the State, and contract with SJCOG and STANCOG.

COGs staff met recently to discuss an equitable manner in which to distribute funds, and fund the pilot project. The following general budget parameters were developed at that meeting:

- The \$625,000 budget for the project will be allocated to the COGs based on the number of counties in each, with ABAG having \$375,000, and SJCOG and STANCOG each having \$125,000 available to implement the Pilot Project.
- The costs for joint needs, such as the GIS consultant, would be shared proportionally among the COGs.
- ABAG will act as the conduit for requests for funds and reporting of progress to HCD. The three COGs will continue to meet and develop procedures for accomplishing these tasks.
- As required by the State budget process, each COG will provide a 25% match to the funds provided.

## **PROJECT SCHEDULE, EVALUATION, BUDGET, REPORTING MILESTONES AND TIMELINE**

Staff has outlined the following work to provide a view of the pilot program over the next three years. Using the new IRP program information that is available from HCD, and the legislation that was approved in July, a series of tasks and milestones has been developed. Further refinement of each of these sections will be necessary. Staff requests that the Partnership review these issues and then allow staff to finalize the program with HCD. IRP staff will then report back on the details of the final program.

### **Schedule**

The schedule reflects a synoptic view of the anticipated time requirements and products necessary to complete the pilot project.

#### **PHASE I – Research and Development (12 months starting January 1, 2001):**

The Partnership completes all the necessary research, outreach and negotiation to allow the successful evaluation of potential jobs-housing opportunity zones throughout the five IRP counties.

#### **Products of Phase I:**

- A. Functioning Integrated Geographic Information System (GIS) enabling comparison of land use and transportation data, and opportunity zone specific information. The project lead (consultant) will be responsible for determining what data layers will be incorporated to achieve the best system obtainable with limited funds and time. It is anticipated that layers such as general plan data, environmental data, transportation systems and congestion data will be needed.
- B. Detailed Report on the State-provided incentive program for application to the Jobs-Housing Opportunity Zones. The report will include information on benefits and implementation strategies for a wide variety of incentives.

- C. Preliminary recommendations of Jobs-Housing Opportunity Zones. This report may include analysis the 5 to 10 opportunity zones to be created. The report will explain the use of the GIS and analysis methodology to identify each recommended zone, the anticipated Jobs-Housing balance outcomes of the development within the zones and the actions needed to achieve the outcomes.
- D. Develop a set of criteria which the Partnership will use in choosing the Opportunity Zones.

#### PHASE II – Implementation (12 months starting January 1, 2002):

Extensive negotiations are held with the IRP and local jurisdictions to select the final Jobs-Housing Opportunity Zones. The IRP will work with local governments to ensure that selected zones will be made ready to receive the State-sponsored incentives.

#### Products of Phase II:

- A. Final recommendations of the 5 to 10 Jobs-Housing Opportunity Zones. The zones will be equitably distributed between the five IRP counties. This report will include detailed analysis of each zone and clearly illustrate the anticipated benefits of prescribed developments to the inter-regional jobs-housing balance. Incentives that might be used in each Opportunity Zone will also be identified.
- B. Adopted memoranda of understanding (MOU) between jurisdictions participating in the pilot program, the IRP and the State that establish Jobs-Housing Opportunity Zones and begin the flow of prescribed incentives to the identified zones.

### EVALUATION

Each Opportunity Zone will be evaluated from the time the MOU is signed between the IRP and the local jurisdiction. Progress reports will be prepared and provided to HCD on each adopted zone every 12 months with a final report submitted on or before July 31, 2004.

Evaluation reports will include but will not be limited to:

- The jobs-housing ratio for each zone prior to implementation of the incentives;
- The number of building permits issued within the jurisdiction in which the zone is located, as reported by the California Industrial Research Bureau;
- The number of jobs generated within the jurisdiction in which the zone is located as determined by EDD.

**Budget**

The budget reflects conversations with the Partnership, as well as staff's assessment of costs for the pilot project as defined to date. The following budget has been adapted from the original IRP Pilot Program proposal first presented to the Partnership on January 19, 2000. It has been updated to reflect input from COG staffs as well as suggestions from discussions with HCD.

The State required matching funds from the COGs of 25% of the total cost of the project are not included in the following budget amounts. Matching funds should be used to ensure adequate 'in house' support for all stages of the project.

## PHASE I

### GIS System

Project Manager (consultant, backed up by COG staff)	\$75,000
Data Acquisition & Preparation	\$70,000
Hardware requirements	\$20,000
Analysis & product preparation	+ \$60,000
<i>section total</i>	= \$225,000

### Refined Incentive Program

Research and Preparation	\$50,000
<i>section total</i>	= \$50,000

### Outreach and Preliminary Opportunity Zone Recommendations

Project manager	\$75,000
Outreach forums	\$10,000
Negotiations with local governments and communities	\$20,000
Final Report to State	+ \$10,000
<i>section total</i>	= \$115,000

## PHASE II

### Opportunity Zone Implementation

Project manager	\$80,000
Final Report to State	\$50,000
GIS monitoring/evaluation	+ \$60,000
<i>section total</i>	= \$190,000

## EVALUATION

Periodic and final evaluation reports to HCD	\$45,000
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## TOTAL BUDGET:

GIS	\$225,000
Refined Incentive Program	\$50,000
Outreach Forums-Zone Recommendations	\$115,000
Opportunity Zone Implementation	\$190,000
Evaluation	+ \$45,000
<i>total</i>	= \$625,000

### Fund Distribution

If possible, the funds should be routed from HCD to the IRP's designated Lead Agency through a series of reimbursements:

1. Phase I costs of up to \$395,000 (to be paid between October 1, 2000 and October 1, 2001).
2. Phase II costs of up to \$190,000 (to be paid between October 1, 2001 – provided phase I is complete – and October 1, 2002).
3. Evaluation costs of up to \$40,000 (to be paid between October 1, 2002 – provided phase II is complete – and program sunset).

## **Reporting and Milestones**

As part of the criteria to receive reimbursement and funding from HCD, the IRP must meet the following reporting mandates and milestones during the course of the pilot project. These dates include both HCD required reporting, as well as Partnership staff analysis of project needs and timelines.

### **PREPARATION:**

1. January 1, 2001: Necessary staff/consultants identified to: coordinate project, build GIS, and research/negotiate State-sponsored incentives.

### **PHASE I:**

2. June 30, 2001: Contract with qualified consultant to monitor and evaluate the progress of phases I and II.
3. January 1, 2002: Preliminary report listing at least ten possible Jobs-Housing Opportunity Zones in the five-county area.
4. January 1, 2002: Comprehensive program of fiscal and non-fiscal incentives associated with the Jobs-Housing Opportunity Zones.

### **PHASE II:**

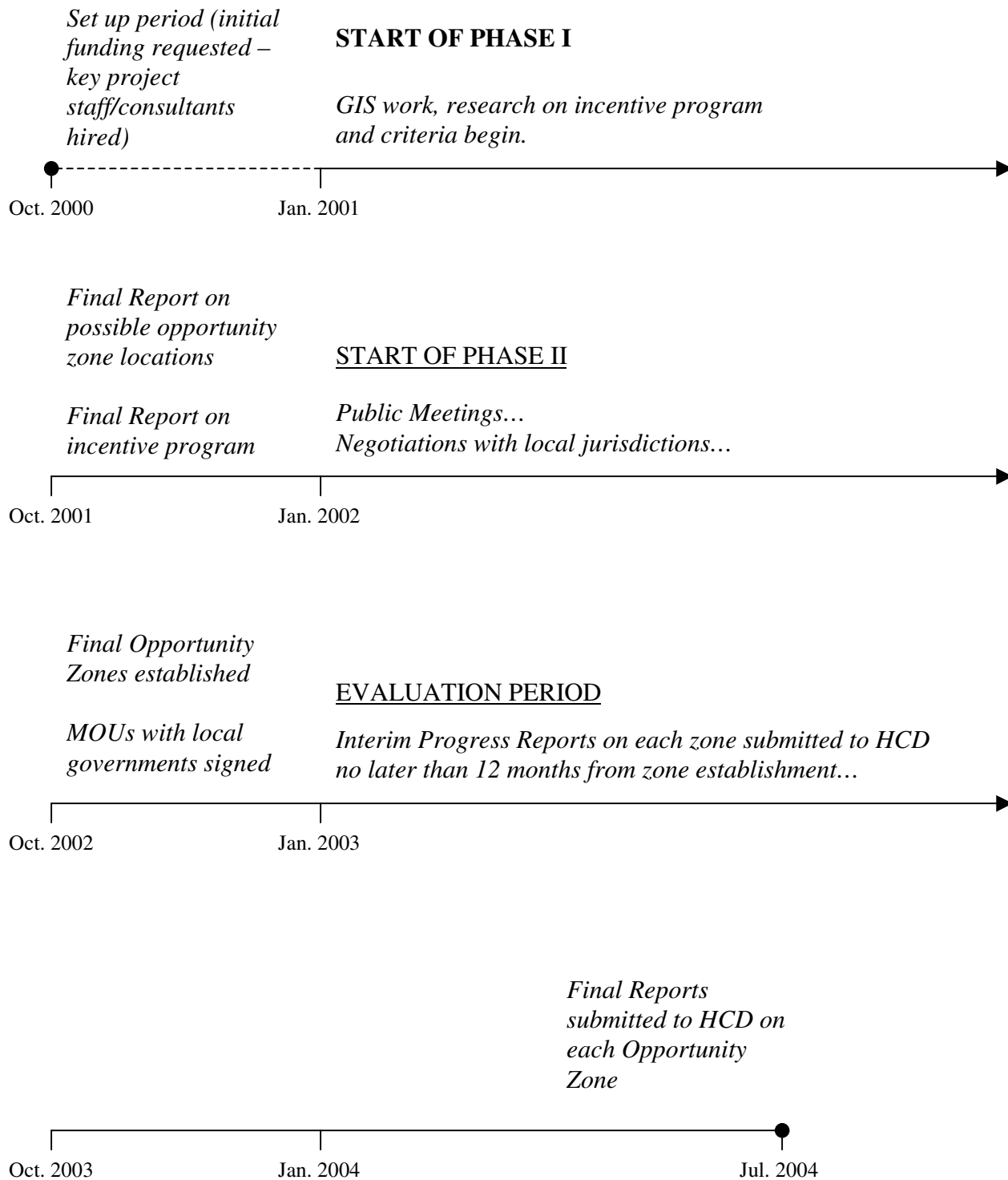
5. January 1, 2003: Final report on recommended Jobs-Housing Opportunity Zones specifying the methodology for selection including the use of the GIS and detailing the anticipated results of new development within the zones. This report will also specify all fiscal and non-fiscal incentives to be applied in each zone and explain the reasoning behind their application.
6. January 1, 2003: MOUs with local governments establishing the recommended Jobs-Housing Opportunity Zones.

### **EVALUATION:**

7. No later than January 1, 2004: Interim progress reports on each established Jobs-Housing Opportunity Zone.
8. July 31, 2004: Final report on each established Jobs-Housing Opportunity Zone.

## Proposed Timeline

The following timeline provides an overview of the anticipated schedule for the pilot project.



*NOTE: Regular quarterly meetings to be held throughout process to focus on the Pilot Project and other IRP business.*

## **NEAR TERM TASKS**

### **LOGISTICAL FRAMEWORK**

1. ABAG, SJCOG, and STANCOG must establish a framework for funds distribution and allocation of responsibilities. IRP members should approve this proposal at their next meeting.

### **FUNDING NEEDS**

2. Work with HCD to secure initial funding adequate to begin staffing project for a January 1, 2001 launch of Phase I.

### **STAFFING NEEDS**

3. Hire or designate Project Coordinator.
4. Hire GIS consultant to research and build system.
5. Continue working with consultants to research, develop incentive program.